

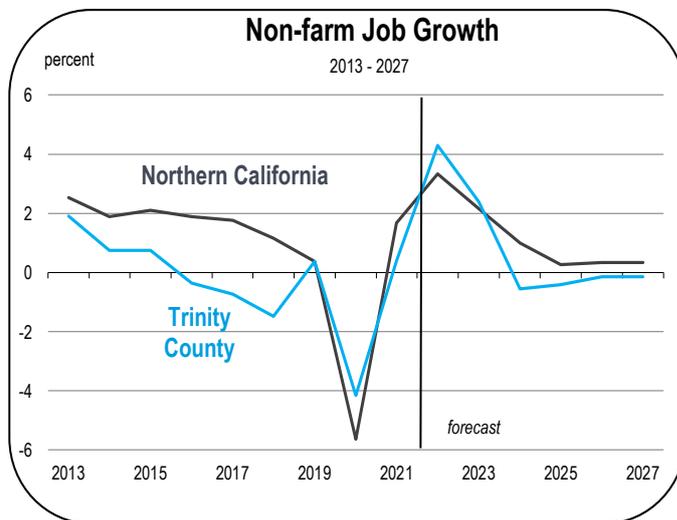
Trinity County Economic Forecast

Forecast Summary

- During 2022, there will be little to no growth in the county’s labor market. Employment has not eclipsed its pre-pandemic level through 2022.
- Over the next 5 years, total employment will rise marginally, by approximately 150 jobs.
- State and local government will create the most jobs in 2022, whereas leisure and hospitality is forecast to generate more job opportunities in 2023.
- The unemployment rate in Trinity is a scant 3.4 percent (October 2022). It is expected to rise next year and into 2024 as the general economy slows.
- The population is expected to decline over the next 5 years as the natural increase remains negative and net in-migration falls close to zero.
- Housing production accelerates in 2022 and 2023 due to fire rebuilds. The August Complex fire destroyed 132 single family homes during the month of October 2020.

Job Growth

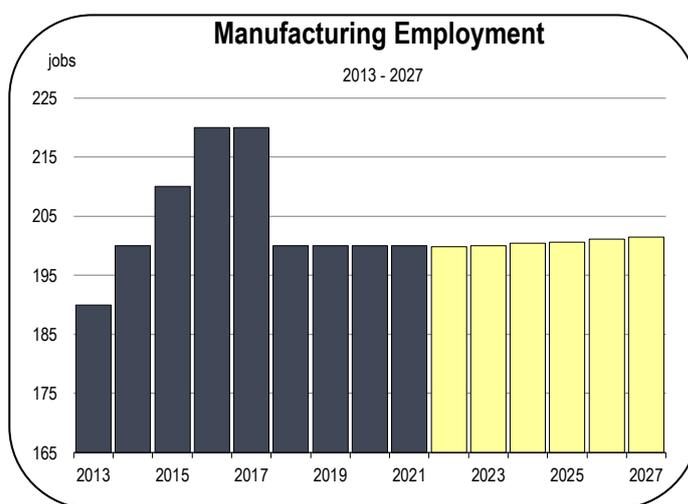
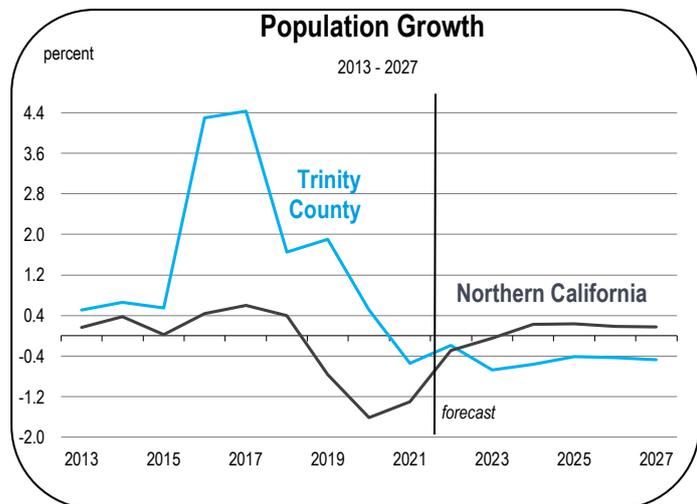
- Overall job growth will be minimal in 2022, rising slightly in 2023. Over the 5-year forecast horizon, job growth will average 1.1 percent per year.
- The largest sector in the county is retail trade. Over the next 5 years, the retail sector is forecast to generate nearly 100 new jobs.



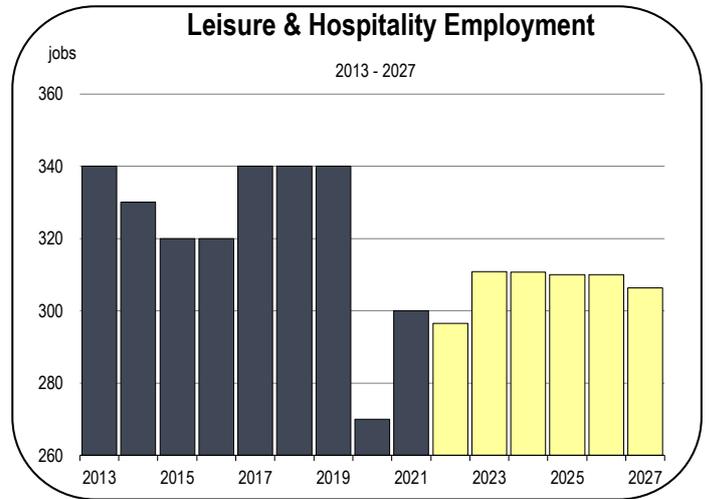
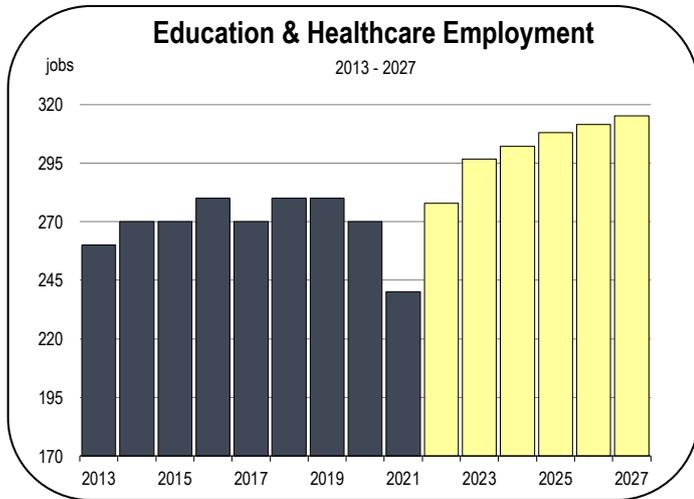
- Because the county’s population is forecast to decline over the forecast, the demand for workers will be muted.

Manufacturing Employment

- The county’s manufacturing sector is concentrated in lumber production, and the largest employer is Trinity County Lumber.
- Trinity County Lumber, headquartered in Weaverville produces Douglas fir and Hem fir lumber and plywood, employing more than 100 workers.
- Lumber prices rose sharply to record highs in 2021 and during the first half of 2022. By the autumn of 2022, prices had returned to their long run averages.
- Manufacturing employment is expected to remain relatively stable during the forecast period.



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Private Education and Healthcare Employment

- This sector will expand with job opportunities over the forecast, due largely to the aging of the population.
- The largest healthcare employer is Trinity Hospital, operated by Mountain Communities Healthcare District. The Hospital has a staff size of approximately 125.
- The oldest aged populations will peak between 2030 and 2035. Post peak, healthcare employment is not expected to contribute much to the job base.

Leisure and Hospitality Employment

- The largest event is the Trinity County Fair which is held annually

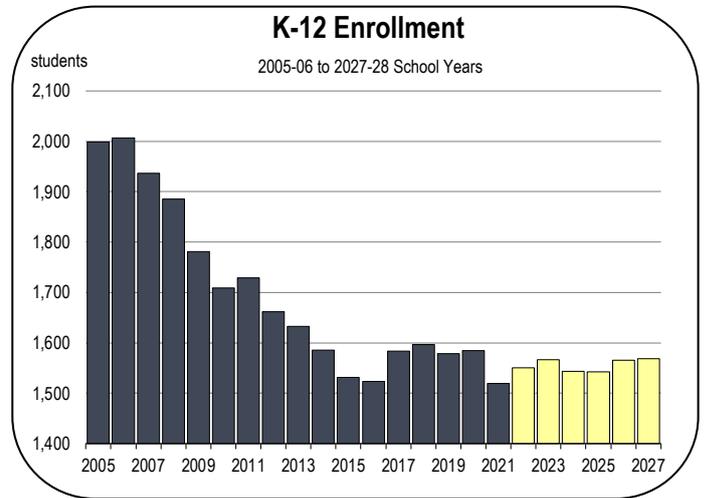
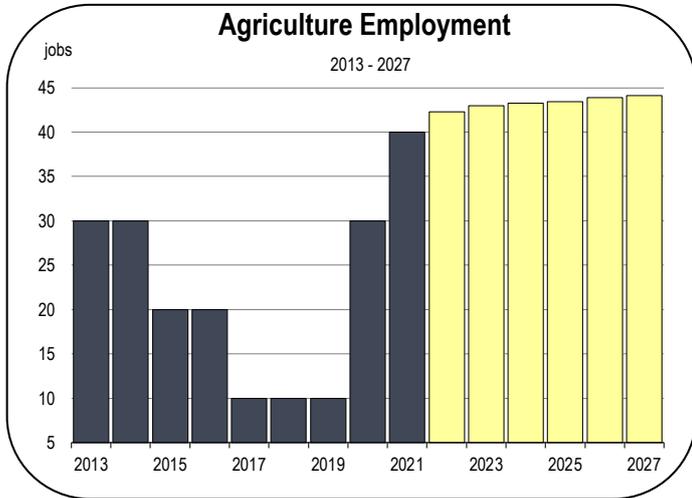
in July. The 2022 event featured the Fryed Brothers Band and Johnny Roberts and the Cow Creek Cowboys. A Miss and Mr Trinity County are selected by Judges. There is a livestock auction, logging contest, pet parade, and bicycle race. The fair is attended by up to 5,000 visitors.

- Visitors also travel to Trinity County to boat on Trinity Lake and hike in the Trinity Alps. There are 25 hotels in the County along with 40 restaurants.
- Filling job positions in recreation and hospitality has been difficult all over California and no less difficult in Trinity County. No new job creation is expected in 2022 but as labor markets loosen in 2023, open position will be filled and employment is expected to rise slightly in leisure and hospitality.



The Trinity Alps is a stunning mountain range within the Klamath Mountains System.

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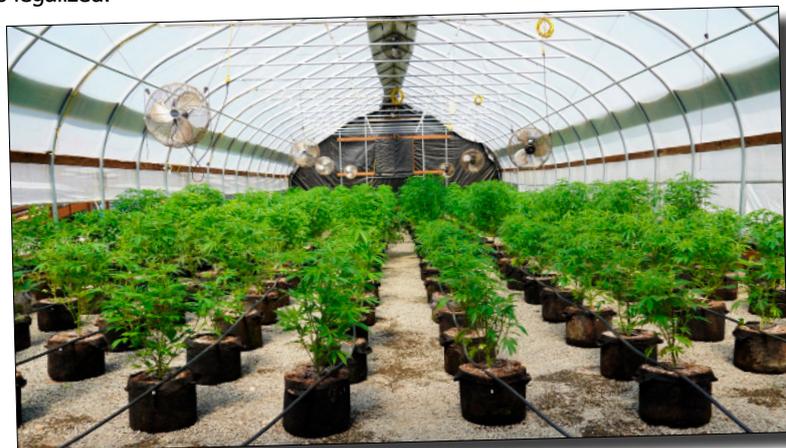
Agriculture Employment

- The conventional farming sector in Trinity County is small, employing just 50 workers. It was expected to expand rapidly as the cannabis industry matured and black-market growers transitioned into the legal market. Then underground workers would begin to be counted in official labor market data.
- This has not yet occurred nearly five years after cannabis cultivation was legalized. Cannabis is the most prominent agricultural commodity in the county and has been for many years. Currently, the local cannabis industry is dominated by small farms and greenhouses.
- There were approximately 500 active cultivation permits that were spread across 370 growers in 2021, indicating that the average grower managed less than an acre of land or greenhouse space.
- The growth of supply of legal cannabis in California has occurred faster than the growth in demand, and prices have declined steadily since the industry was legalized.

- In July 2022, California eliminated the cannabis cultivation tax in an effort to make the legal market more competitive with the underground market.
- Legal cannabis production in Trinity County is expected to expand as a result of the new tax laws in effect over the next 3 years.

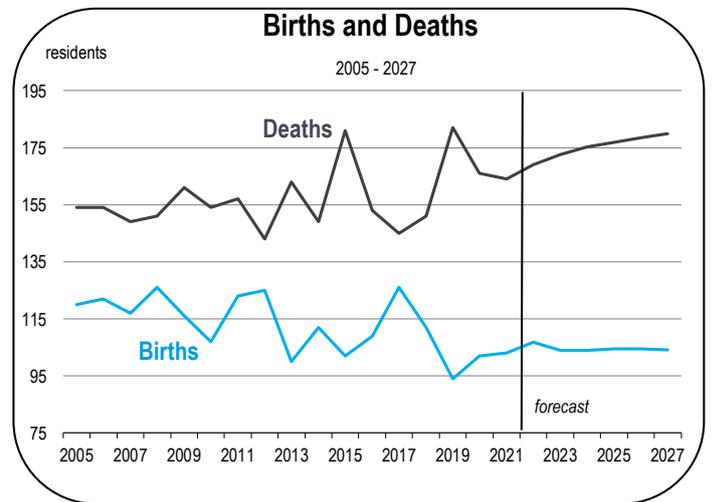
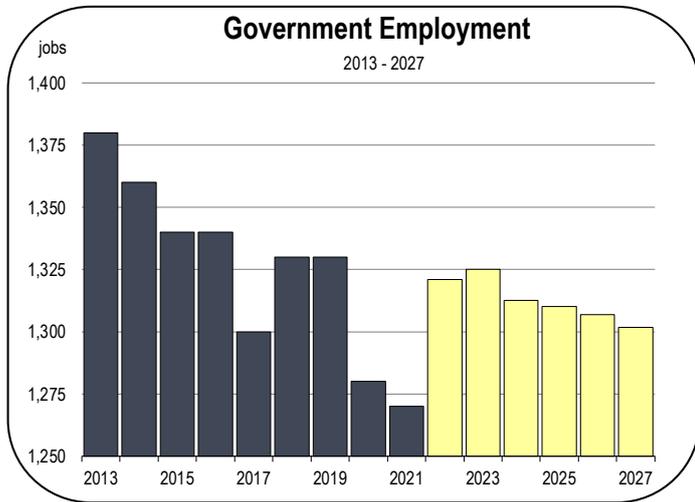
State Local Government

- With the reopening of K-12 schools and all departments within the state and local governments, employment in the local public sector is being entirely restored in 2022.
- Both school enrollments and employment have declined over the last 15 years. K-12 enrollment is now expected to level out over the forecast, in tandem with the size of the child raising age cohort of the Trinity County population.



Cannabis Greenhouse

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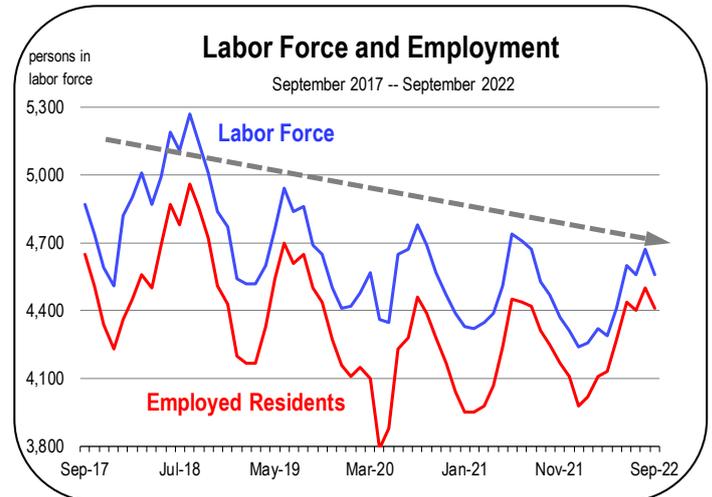
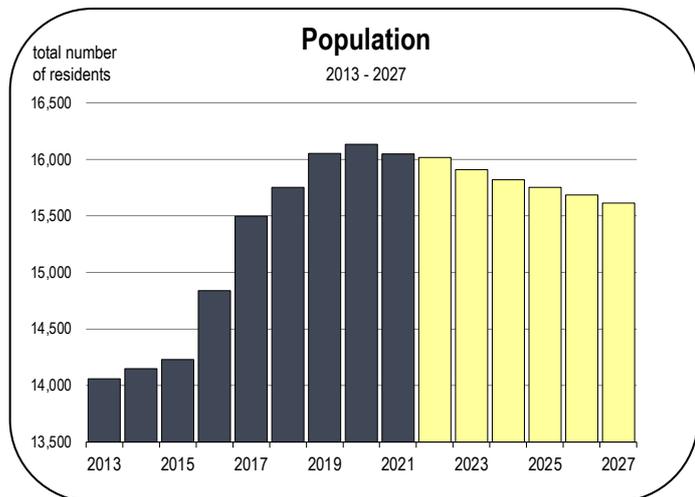


Population Growth

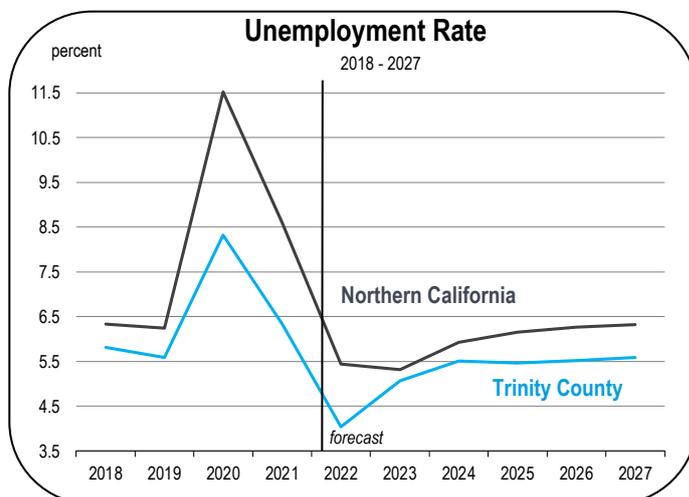
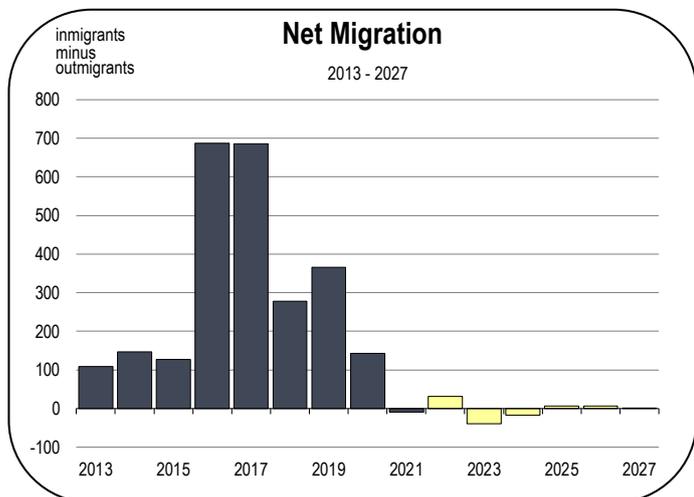
- The 2020 census revealed that the county had more residents than previously estimated over the last ten years since 2010. The official estimates had population declining over the last decade, but instead, it has been rising, and sharply since 2016, due entirely to an estimated surge in net migration.
- Nevertheless, without new migrants entering the county, the natural increase in population has been negative every year since 1990. Consequently, the population is vulnerable to consolidation over the forecast.
- A declining population will reduce the number of consumers demanding goods and services from local business, and lead to lower demand for public services which includes the K-12 schools.

Unemployment and Inflation Rates

- The rate averaged 6.3 percent in 2021 and is forecast to average 3.8 percent in 2022. The largest city, Weaverville, has the highest unemployment rate of the three census designated places in the county, at 5.4 percent in 2022. The unemployment rate for the Hayfork CDP was just 2.7 percent in September of 2022.
- Both the labor force and total resident employment in the county have entirely recovered from the pandemic recession, unlike other county economies in the state. However, because the population has been in general decline since 2020, both the labor force and employment have generally remained in a downward trend.



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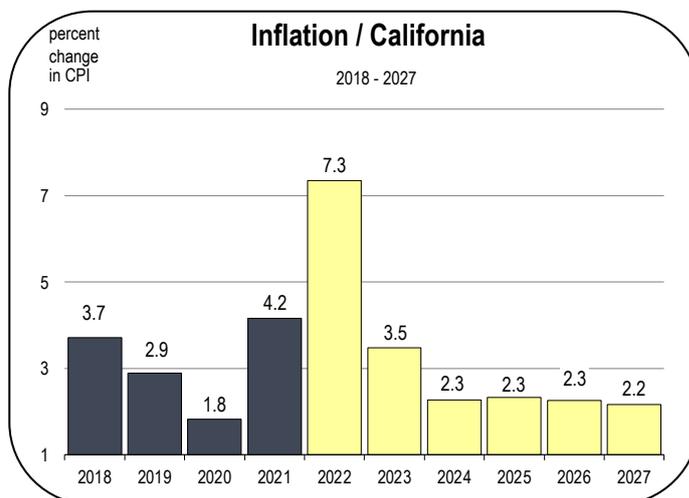
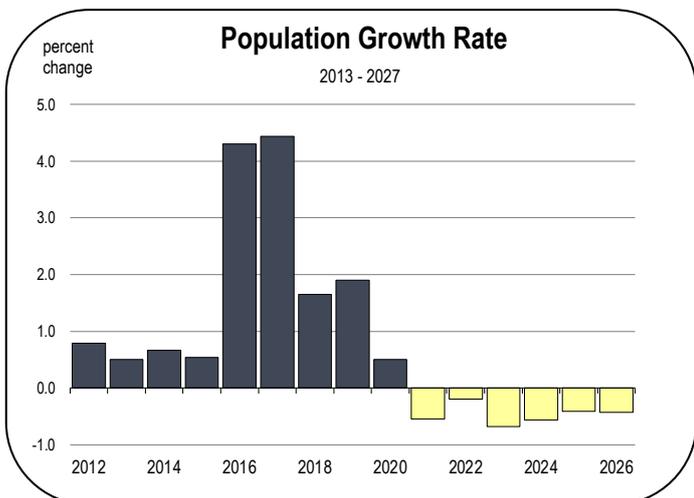


- Inflation decelerated sharply in 2020, largely because energy prices declined when the demand for fuels plunged.
- Inflation soared in 2021 and is expected to remain elevated for several years.
- During 2022 and into 2023, there will be a number of factors that will contribute to higher inflation. The most prominent will be:
 - Record spending by consumers and the federal government during 2021 and 2022
 - Fractures in the global supply chain that raise the cost of production for many businesses
 - Sharp increases in the cost of housing and energy
 - Labor market recruitment challenges that force companies to raise wages

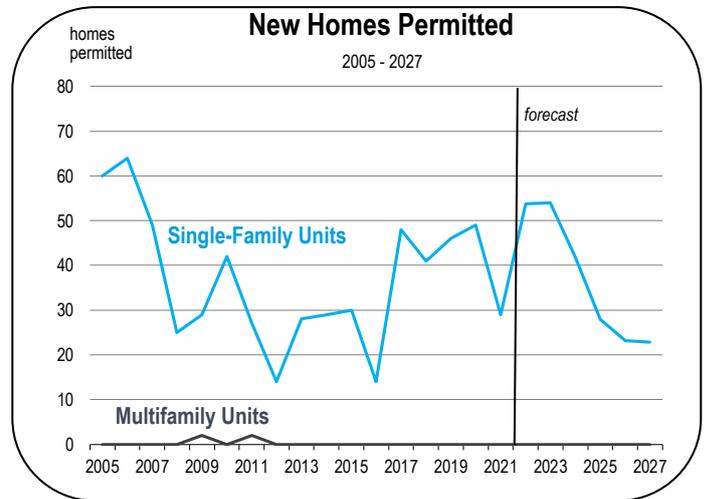
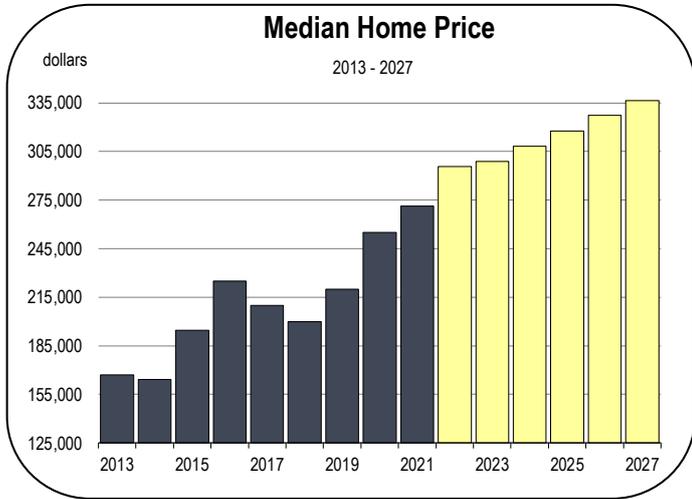
- Combined, these factors have pushed inflation to its highest rate in 40 years. Ultimately, inflation reduces the purchasing power of households and negatively impacts consumer confidence, limiting the growth potential of the economy in 2022.
- However, inflation will begin to decelerate after 2022 as supply chains and the labor force are restored, eventually falling to below 3 percent again by 2024.

Home Prices and New Housing Production

- In 2021, the median home value in Trinity County was \$271,000, an increase of 6 percent from the annual median during calendar 2020. The selling value for single family detached homes was \$330,000.



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- The median price is rising sharply in 2022, and is forecast to record an appreciation rate of 9 percent for the year. Zillow has single family detached homes at a value of \$400,600 in October of 2022. The sharp increase in housing values is due to the recent fires in the county which have eliminated supply.
- Price appreciation should slow down in 2022, but the median price could surpass \$275,000 by 2026.
- From 2016 to 2021, an average of 38 new homes were started per year. All were single-family homes.
- Housing production is expected to average 40 units per year from 2022 to 2026, consisting entirely of single-family homes. Fire rebuilds are included in this future housing production. But with a declining forecast over time that is predicted for Trinity County, there will be less new housing needed.

- The August Complex fire in October 2020 destroyed 132 single family homes in Trinity County. This reduced the housing stock by just under 130 because there was new construction of 5 apartment units.
- The forecast for new housing assumes that the majority of fire destroyed homes will be rebuilt, in the 2022 to 2024 period. All units will be single family detached homes.
- Housing prices rose slightly in 2021, to \$260,000 for all homes, and \$330,000 for single family detached homes. In 2022, due to a larger scarcity of housing stock due to the recent fires in the county, the median price vaulted to \$383,000 in September.

Trinity County Economic Forecast

Economic Indicators

2015-2021 History, 2022-2050 Forecast

	Population (people)	Households (thousands)	Net Migration (people)	New Homes Permitted (homes)	Registered Vehicles (thousands)	Personal Income (millions)	Taxable Retail Sales (millions)	Total Taxable Sales (millions)	Real Industrial Production (millions)	Real per Capita Income (dollars)	Unemployment Rate (percent)	Real Farm Production (millions)	Inflation Rate (percent)
2015	14,228	6.1	127	30	20.7	\$462	\$79	\$111	\$59	\$38,688	7.9	\$4.0	1.4
2016	14,840	6.1	687	14	20.9	\$469	\$85	\$114	\$75	\$36,835	7.1	\$4.1	2.3
2017	15,498	6.1	686	48	20.1	\$477	\$84	\$112	\$96	\$34,827	6.3	\$4.1	3.0
2018	15,754	6.2	278	41	19.7	\$506	\$80	\$104	\$82	\$35,052	5.8	\$4.1	3.7
2019	16,054	6.2	366	46	19.8	\$521	\$83	\$106	\$78	\$34,438	5.6	\$4.2	2.9
2020	16,135	6.3	143	49	19.6	\$560	\$107	\$141	\$96	\$36,180	8.3	\$4.3	1.8
2021	16,047	6.2	-10	29	19.7	\$604	\$111	\$149	\$90	\$37,626	6.3	\$4.2	4.2
2022	16,016	6.2	32	54	19.6	\$622	\$123	\$162	\$94	\$36,193	4.0	\$6.5	7.3
2023	15,908	6.2	-39	54	19.5	\$655	\$128	\$168	\$99	\$37,078	5.1	\$8.5	3.5
2024	15,819	6.3	-17	42	19.4	\$674	\$133	\$175	\$98	\$37,513	5.5	\$12.0	2.3
2025	15,754	6.3	7	28	19.3	\$693	\$136	\$179	\$97	\$37,830	5.5	\$14.5	2.3
2026	15,686	6.3	7	23	19.2	\$713	\$139	\$183	\$98	\$38,259	5.5	\$16.5	2.3
2027	15,612	6.3	1	23	19.1	\$734	\$143	\$188	\$98	\$38,743	5.6	\$18.5	2.2
2028	15,532	6.3	-4	23	19.0	\$756	\$147	\$193	\$99	\$39,217	5.6	\$21.7	2.2
2029	15,449	6.3	-6	20	18.9	\$776	\$152	\$199	\$101	\$39,572	5.6	\$24.7	2.3
2030	15,365	6.4	-6	19	18.8	\$796	\$154	\$202	\$102	\$39,917	5.6	\$27.0	2.2
2031	15,284	6.4	-7	18	18.7	\$815	\$157	\$206	\$103	\$40,236	5.6	\$29.1	2.1
2032	15,202	6.4	-7	18	18.6	\$835	\$160	\$210	\$103	\$40,509	5.6	\$31.1	2.3
2033	15,122	6.4	-7	16	18.5	\$853	\$163	\$214	\$103	\$40,824	5.6	\$32.9	1.9
2034	15,042	6.4	-6	18	18.4	\$874	\$166	\$218	\$105	\$41,188	5.6	\$34.4	2.1
2035	14,962	6.4	-6	17	18.4	\$895	\$170	\$223	\$106	\$41,514	5.6	\$35.7	2.2
2036	14,884	6.4	-6	17	18.3	\$919	\$175	\$230	\$108	\$41,759	5.6	\$36.7	2.6
2037	14,806	6.4	-6	17	18.2	\$944	\$180	\$236	\$109	\$41,965	5.6	\$37.5	2.7
2038	14,725	6.4	-6	15	18.1	\$966	\$185	\$243	\$109	\$42,135	5.6	\$38.4	2.5
2039	14,646	6.4	-6	16	18.0	\$990	\$190	\$250	\$109	\$42,281	5.6	\$39.1	2.7
2040	14,567	6.4	-6	16	17.9	\$1,014	\$196	\$258	\$109	\$42,434	5.6	\$39.5	2.6
2041	14,490	6.5	-6	15	17.8	\$1,036	\$202	\$265	\$109	\$42,663	5.6	\$39.9	2.2
2042	14,417	6.5	-5	15	17.7	\$1,060	\$208	\$272	\$110	\$42,971	5.6	\$40.1	2.1
2043	14,347	6.5	-4	16	17.6	\$1,084	\$213	\$279	\$111	\$43,298	5.6	\$40.3	2.0
2044	14,278	6.5	-4	16	17.5	\$1,107	\$218	\$286	\$113	\$43,642	5.6	\$40.4	1.8
2045	14,212	6.5	-4	18	17.4	\$1,132	\$223	\$293	\$114	\$43,974	5.6	\$40.5	1.9
2046	14,148	6.5	-5	16	17.4	\$1,155	\$229	\$300	\$114	\$44,182	5.6	\$40.6	2.0
2047	14,085	6.5	-4	16	17.3	\$1,181	\$234	\$307	\$115	\$44,417	5.6	\$40.6	2.2
2048	14,022	6.5	-4	15	17.2	\$1,207	\$239	\$314	\$115	\$44,563	5.6	\$40.6	2.3
2049	13,961	6.5	-3	16	17.1	\$1,235	\$245	\$321	\$116	\$44,897	5.6	\$40.7	2.0
2050	13,902	6.5	-4	16	17.1	\$1,262	\$250	\$328	\$117	\$45,122	5.6	\$40.7	2.1

Employment Sectors

2015-2021 History, 2022-2050 Forecast

	Total Wage & Salary	Farm	Construction	Manufacturing	Transportation & Utilities	Wholesale & Retail Trade (jobs)	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
2015	2,730	20	100	210	0	420	50	0	0	270	320	1340
2016	2,720	20	70	220	0	420	50	0	0	280	320	1340
2017	2,690	10	80	220	0	420	50	0	0	270	340	1300
2018	2,650	10	90	200	0	360	40	0	0	280	340	1330
2019	2,660	10	90	200	0	370	40	0	0	280	340	1330
2020	2,570	30	110	200	0	370	40	0	0	270	270	1280
2021	2,590	40	110	200	0	380	50	0	0	240	300	1270
2022	2,700	42	127	200	0	388	49	0	0	278	297	1321
2023	2,770	43	149	200	0	392	50	0	0	297	311	1325
2024	2,750	43	137	200	0	395	50	0	0	302	311	1313
2025	2,740	43	123	201	0	395	50	0	0	308	310	1310
2026	2,740	44	119	201	0	395	50	0	0	312	310	1307
2027	2,730	44	118	201	0	396	50	0	0	315	306	1302
2028	2,730	44	118	202	0	398	50	0	0	319	303	1300
2029	2,740	44	116	202	0	400	50	0	0	321	301	1308
2030	2,750	44	115	203	0	400	50	0	0	322	301	1312
2031	2,740	44	114	203	0	400	49	0	0	323	301	1309
2032	2,740	45	114	203	0	401	49	0	0	324	301	1306
2033	2,740	45	112	204	0	402	49	0	0	325	300	1303
2034	2,750	45	114	204	0	403	49	0	0	325	299	1310
2035	2,760	45	113	204	0	404	49	0	0	325	299	1317
2036	2,760	45	113	204	0	406	49	0	0	325	298	1324
2037	2,770	45	113	204	0	406	49	0	0	324	297	1330
2038	2,760	45	112	204	0	406	49	0	0	323	296	1326
2039	2,760	45	112	204	0	406	49	0	0	322	295	1323
2040	2,750	44	112	204	0	407	49	0	0	321	294	1319
2041	2,740	44	111	204	0	407	49	0	0	320	293	1316
2042	2,750	44	111	204	0	408	49	0	0	319	292	1323
2043	2,760	44	112	204	0	409	49	0	0	317	292	1329
2044	2,760	44	112	203	0	409	49	0	0	316	291	1335
2045	2,770	44	113	203	0	410	49	0	0	315	290	1342
2046	2,760	44	112	203	0	410	49	0	0	313	289	1337
2047	2,760	44	112	203	0	410	49	0	0	311	288	1342
2048	2,750	44	112	203	0	410	49	0	0	310	288	1338
2049	2,770	44	112	203	0	411	49	0	0	308	287	1353
2050	2,770	43	112	203	0	411	49	0	0	306	286	1358

Trinity County Economic Forecast

Socioeconomic Indicators

